



LOUISIANA DEPARTMENT OF INSURANCE
JAMES J. DONELON, COMMISSIONER

September 1, 2011

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Via Email and Certified Mail/Return Receipt Requested
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Gary Cohen
Acting Director, Office of Oversight
Department of Health and Human Services
Consumer Information and Insurance Oversight
200 Independence Avenue SW
Washington, DC 20201

RE: Louisiana's Request for Adjustment to Medical Loss Ratio Standard

Dear Mr. Cohen:

Thank you for your letter of July 1, 2011, wherein you requested additional information regarding our application for an adjustment to the medical loss ratio standard. In response to your request, the Louisiana Department of Insurance (LDI) respectfully submits the following information:

1. Please provide the 2010 Supplemental Health Care Exhibit (SHCE), submitted to the National Association of Insurance Commissioners (NAIC), for each issuer that has at least 1,000 life-years in the Louisiana individual market.

Response: Please find attached the requested 2010 Supplemental Health Care Exhibits.

2. Tabs 1 and 3 of the attachment entitled "MLR Data 5-18" to the DOI's May 24 letter list 35 issuers providing coverage in the Louisiana individual health insurance market. Please confirm that the following two issuers do not have a least 1,000 life-years in the Louisiana individual health insurance market: (1) United Healthcare Insurance Company, and (2) American Public Life Insurance Company. If they do have at least 1,000 life-years in the Louisiana individual market, please provide all the information required by 45 CFR §§ 158.321(d)(1) for these two issuers, as well as these issuers' 2010 SHCEs.

Response: Premium information received by the LDI from United Healthcare Insurance Company and American Public Life Insurance Company for calendar year 2010 reflects that these companies do not participate in Louisiana's individual health insurance market.

3. Please confirm the accuracy of the following chart, which is based upon data appearing at Tabs 1 and 3 to the DOL's May 24 letter, or make any corrections you deem necessary to make it accurate.

Response: One correction was made to the chart. The chart indicated 1,691 enrollees for Mid-West. The correct number of enrollees is 3,875. Consequently, this correction also changes the market share percentage of Mid-West from 0.9% to 2.2%. Otherwise, the chart is accurate. Please note that the percentages that appear at Tab 1 of the May 24 letter represents the percent of market by premium volume.

4. Please describe briefly the individual market products listed on Tabs 1 and 3 to the DOL's May 24 letter of the following issuers: (1) Coventry Healthcare of Louisiana; (2) Golden Rule Insurance Company; (3) John Alden Insurance Company; (4) Time Insurance Company; and (5) Vantage Health Plan, Inc.

Response: The individual market products are: (1) Coventry Healthcare of Louisiana – Individual Major Medical HMO/POS product; (2) Golden Rule Insurance Company – Individual Major Medical PPO product; (3) John Alden Insurance Company – Individual Major Medical PPO product; (4) Time Insurance Company – Individual Major Medical PPO product; and (5) Vantage Health Plan, Inc. – Individual Major Medical HMO/POS product.

5. Tabs 1 and 3 to the DOL's May 24 letter list the product of New York Life Insurance Company as "group major medical". Please confirm that the 998 enrollees listed for New York Life Insurance Company receive their coverage through the Louisiana individual health insurance market rather than the Louisiana small-group or large-group market.

Response: Confirmation was obtained from New York Life Insurance Company that the 998 enrollees receive their coverage through the Louisiana individual health insurance market.

6. Tabs 1 and 3 of the DOL's May 24 letter do not describe the deductible, co-pay, or premium of the products listed. Accordingly, CCIO assumes that if an issuer left the Louisiana individual health insurance market, other issuers' products are comparable and would be available to enrollees of the issuer leaving the market. Please confirm that this assumption is correct. If that assumption is incorrect, please provide for every such product (a) the issuer, (b) the number of Louisiana individual market enrollees that have the product, and (c) a description of the deductible, co-pay, and premium of the product.

Response: CCIO's assumptions are correct to the best of our knowledge.

7. Please explain the meaning and significance of the "Suspended" entry for Vantage Health Plan, Inc. in the "Provided Notice of Exit" row appearing at Tab 2 to the DOL's May 24 letter. Will Vantage's 1,118 Louisiana individual market enrollees soon have to obtain their coverage from other issuers, regardless of Vantage's MLR?

Response: Vantage has suspended issuing new business in the individual market. Vantage will continue to provide and maintain individual coverage to the 1,118 enrollees.

8. Tab 2 to the DOI's May 24 letter has a row for the Estimated 2010 PPACA MLR for ten issuers. Based on our assessment of select SHCE data, we calculate 2010 MLR's (using the Federal definition of MLR) for the same ten issuers in the following table. We have also included the "Estimated 2010 PPACA MLR" provided in the DOI's May 24 letter. Please ascertain, using the Federal MLR definition and the 2010 SHCE data, whether you obtain the same estimates as the CCIIO estimates shown below. If you do not, please provide your estimates and a description of your methodology.

Response: The LDI Actuary independently calculated the MLR using the method as prescribed by CCIIO. His results matched those as determined by CCIIO (within an acceptable tolerance). We subsequently followed up with our ten original surveyed companies in order to allow them to respond to the CCIIO determinations. The companies were provided with the formula and references that were used by both the CCIIO and LDI Actuary. Four of the companies agreed with the CCIIO calculation. Four of the companies agreed with the raw loss ratio determinations but made changes to the credibility adjustment to account for an offset. One company disagreed with all aspects of the calculation. One company disagreed with the credibility adjustment. **However, overall, all companies determined their MLR to be equal to or greater than the CCIIO value.**

9. Tab 2 to the DOI's May 24 letter has a row for the Estimated 2010 Individual Market Rebate for the ten issuers. Based on our assessment of select SHCE data, we calculate the estimated 2010 individual market rebates for the same ten issuers in the following table. We have also included the "Estimated Individual Market Rebate – 2010" provided in the DOI's May 24 letter. Please ascertain, using the Federal definitions and the 2010 SHCE data, whether you obtain the same estimates as the CCIIO estimates shown below. If you do not, please provide your estimates and a description of your methodology.

Response: The LDI Actuary obtained the same aggregate value as the CCIIO determination.

10. Please describe separately, for each of the following issuers, what indication, if any, the issuer has given you regarding whether that issuer plans to price to an 80 percent MLR for either 2011 or 2012: (1) Coventry; (2) Golden Rule; (3) Humana; (4) Mega; (5) Mid-West; and (6) Time.

Response: None of the above listed issuers have given the LDI any indication regarding their plans to price to an 80 percent MLR for either 2011 or 2012.

Mr. Gary Cohen
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We hope this submission sufficiently addresses your questions. Please contact my office at (225) 342-1355 if you need additional information.

Sincerely yours,


Emma Fontenot
Deputy Commissioner
Office of Health Insurance

Enclosures